

Mr. William Pinder, President
Sea Island Comprehensive Health Care Corporation
d/b/a Hermina Traeye Memorial Nursing Home
Post Office Box 689
Johns Island, South Carolina 29457

Re: AC# 3-HER-J7 – Sea Island Comprehensive Health Care Corporation d/b/a
Hermina Traeye Memorial Nursing Home

Dear Mr. Pinder:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period February 9, 1997 through September 30, 1997. That report was used to set the rate covering the contract periods beginning February 9, 1997.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.

Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/cwc

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Mac Carroll

**SEA ISLAND COMPREHENSIVE
HEALTH CARE CORPORATION D/B/A
HERMINA TRAEYE MEMORIAL NURSING HOME

JOHNS ISLAND, SOUTH CAROLINA**

**CONTRACT PERIODS
BEGINNING FEBRUARY 9, 1997
AC# 3-HER-J7**

**REPORT ON CONTRACT

FOR

PURCHASE OF NURSING CARE SERVICES

WITH

STATE OF SOUTH CAROLINA

DEPARTMENT OF HEALTH AND HUMAN SERVICES**

CONTENTS

	<u>EXHIBIT OR SCHEDULE</u>	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES		1
COMPUTATION OF RATE CHANGE FOR THE CONTRACT PERIODS BEGINNING FEBRUARY 9, 1997	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD FEBRUARY 9, 1997 THROUGH MARCH 31, 1997	B-1	4
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD APRIL 1, 1997 THROUGH AUGUST 31, 1997	B-2	5
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD SEPTEMBER 1, 1997 THROUGH SEPTEMBER 30, 1997	B-3	6
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 1997 THROUGH MARCH 31, 1998	B-4	7
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD APRIL 1, 1998 THROUGH SEPTEMBER 30, 1998	B-5	8
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 1998 THROUGH NOVEMBER 30, 1998	B-6	9
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIODS BEGINNING DECEMBER 1, 1998	B-7	10
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 1997 FOR THE CONTRACT PERIODS FEBRUARY 9, 1997 THROUGH AUGUST 31, 1997	C-1	11
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 1997 FOR THE CONTRACT PERIOD SEPTEMBER 1, 1997 THROUGH SEPTEMBER 30, 1997	C-2	14
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 1997 FOR THE CONTRACT PERIODS OCTOBER 1, 1997 THROUGH SEPTEMBER 30, 1998	C-3	17

CONTENTS

	<u>EXHIBIT OR SCHEDULE</u>	<u>PAGE</u>
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 1997 FOR THE CONTRACT PERIODS BEGINNING OCTOBER 1, 1998	C-4	20
ADJUSTMENT REPORT	1	23
COST OF CAPITAL REIMBURSEMENT ANALYSIS FOR THE CONTRACT PERIODS FEBRUARY 9, 1997 THROUGH AUGUST 31, 1997	2-1	28
COST OF CAPITAL REIMBURSEMENT ANALYSIS FOR THE CONTRACT PERIOD SEPTEMBER 1, 1997 THROUGH SEPTEMBER 30, 1997	2-2	30
COST OF CAPITAL REIMBURSEMENT ANALYSIS FOR THE CONTRACT PERIODS OCTOBER 1, 1997 THROUGH SEPTEMBER 30, 1998	2-3	32
COST OF CAPITAL REIMBURSEMENT ANALYSIS FOR THE CONTRACT PERIODS BEGINNING OCTOBER 1, 1998	2-4	34

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

October 23, 1998

(Except for Exhibit A as to which the date is December 8, 1998)

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Sea Island Comprehensive Health Care Corporation d/b/a Hermina Traeye Memorial Nursing Home, for the contract periods beginning February 9, 1997 and for the eight month cost report period ended September 30, 1997, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with the standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Sea Island Comprehensive Health Care Corporation d/b/a Hermina Traeye Memorial Nursing Home, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summaries of Costs and Total Patient Days, and Cost of Capital Reimbursement Analyses sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Sea Island Comprehensive Health Care Corporation d/b/a Hermina Traeye Memorial Nursing Home dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
October 23, 1998

The South Carolina Department of Health and Human Services has not received formal approval from the United States Health Care Financing Administration (HCFA) of Attachment 4.19D of the South Carolina State Plan under Title XIX (Medicaid) for the contract periods beginning October 1, 1998, as required by regulations of the United States Department of Health and Human Services (HHS). The effects of any adjustments that may be necessary if the State Plan, as submitted, is modified to receive the approval of HCFA cannot presently be determined.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

Thomas L. Wagner, Jr., CPA
State Auditor

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Computation of Rate Change
For the Contract Periods
Beginning February 9, 1997
AC# 3-HER-J7

	02/09/97- <u>03/31/97</u>	04/01/97- <u>08/31/97</u>	09/01/97- <u>09/30/97</u>	10/01/97- <u>03/31/98</u>	04/01/98- <u>09/30/98</u>	10/01/98- <u>11/30/98</u>	Beginning <u>12/01/98</u>
Interim reimbursement rate (1)	\$79.89	\$80.87	\$80.99	\$82.87	\$82.87	\$83.48	\$84.23
Adjusted reimbursement rate	<u>75.53</u>	<u>75.53</u>	<u>75.72</u>	<u>78.31</u>	<u>78.31</u>	<u>78.73</u>	<u>79.48</u>
Decrease in reimbursement rate	\$ <u>4.36</u>	\$ <u>5.34</u>	\$ <u>5.27</u>	\$ <u>4.56</u>	\$ <u>4.56</u>	\$ <u>4.75</u>	\$ <u>4.75</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 8, 1998

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME
 Computation of Adjusted Reimbursement Rate
 For the Contract Period February 9, 1997 Through March 31, 1997
 AC# 3-HER-J7

	<u>Profit Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$2.85	\$36.89	\$40.65	\$36.89
Dietary	<u>.60</u>	<u>7.78</u>	<u>8.59</u>	<u>7.78</u>
Subtotal	<u>\$3.45</u>	44.67	49.24	44.67
Laundry/Housekeeping/Maint.	\$ -	9.20	7.04	7.04
Administration & Med. Rec.	<u>-</u>	<u>12.56</u>	<u>8.55</u>	<u>8.55</u>
Subtotal	<u>\$ -</u>	66.43	<u>\$64.83</u>	60.26
<u>Costs Not Subject to Standards:</u>				
Utilities		2.77		2.77
Special Services		-		-
Medical Supplies & Oxygen		2.39		2.39
Taxes and Insurance		.58		.58
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$72.17</u>		66.00
Inflation Factor (N/A)				-
Cost of Capital				7.53
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive - For Gen. Services & Dietary				3.45
Effect of \$1.75 Cap on Cost/Profit Incentives and Cost Sharing				(1.70)
Minimum Wage Add-On				<u>.25</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$75.53</u>

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME
 Computation of Adjusted Reimbursement Rate
 For the Contract Period April 1, 1997 Through August 31, 1997
 AC# 3-HER-J7

	<u>Profit Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$3.06	\$36.89	\$43.70	\$36.89
Dietary	<u>.60</u>	<u>7.78</u>	<u>8.59</u>	<u>7.78</u>
Subtotal	<u>\$3.66</u>	44.67	52.29	44.67
Laundry/Housekeeping/Maint.	\$ -	9.20	7.04	7.04
Administration & Med. Rec.	<u>-</u>	<u>12.56</u>	<u>8.55</u>	<u>8.55</u>
Subtotal	<u>\$ -</u>	66.43	<u>\$67.88</u>	60.26
<u>Costs Not Subject to Standards:</u>				
Utilities		2.77		2.77
Special Services		-		-
Medical Supplies & Oxygen		2.39		2.39
Taxes and Insurance		.58		.58
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$72.17</u>		66.00
Inflation Factor (N/A)				-
Cost of Capital				7.53
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive - For Gen. Services & Dietary				3.66
Effect of \$1.75 Cap on Cost/Profit Incentives and Cost Sharing				(1.91)
Minimum Wage Add-On				<u>.25</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$75.53</u>

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Computation of Adjusted Reimbursement Rate
For the Contract Period September 1, 1997 Through September 30, 1997
AC# 3-HER-J7

	<u>Profit Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$3.06	\$35.02	\$43.70	\$35.02
Dietary	<u>.60</u>	<u>7.39</u>	<u>8.59</u>	<u>7.39</u>
Subtotal	<u>\$3.66</u>	42.41	52.29	42.41
Laundry/Housekeeping/Maint.	\$ -	8.74	7.04	7.04
Administration & Med. Rec.	<u>-</u>	<u>11.92</u>	<u>8.55</u>	<u>8.55</u>
Subtotal	<u>\$ -</u>	63.07	<u>\$67.88</u>	58.00
<u>Costs Not Subject to Standards:</u>				
Utilities		2.63		2.63
Special Services		-		-
Medical Supplies & Oxygen		2.28		2.28
Taxes and Insurance		.55		.55
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$68.53</u>		63.46
Inflation Factor (4.90%)				3.11
Cost of Capital				7.15
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive - For Gen. Services & Dietary				3.66
Effect of \$1.75 Cap on Cost/Profit Incentives and Cost Sharing				(1.91)
Minimum Wage Add-On				<u>.25</u>
 ADJUSTED REIMBURSEMENT RATE				 <u>\$75.72</u>

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 1997 Through March 31, 1998
 AC# 3-HER-J7

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$35.02	\$46.38	
Dietary		7.39	9.01	
Laundry/Housekeeping/Maint.		<u>8.74</u>	<u>7.38</u>	
Subtotal	<u>\$4.39</u>	51.15	62.77	\$51.15
Administration & Med. Rec.	<u>-</u>	<u>11.92</u>	<u>9.20</u>	<u>9.20</u>
Subtotal		63.07	<u>\$71.97</u>	60.35
<u>Costs Not Subject to Standards:</u>				
Utilities		2.63		2.63
Special Services		-		-
Medical Supplies & Oxygen		2.28		2.28
Taxes and Insurance		.55		.55
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$68.53</u>		65.81
Inflation Factor (4.40%)				2.90
Cost of Capital				7.35
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				4.39
Effect of \$1.75 Cap on Cost/Profit Incentives				(2.64)
Minimum Wage Add-On				<u>.50</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$78.31</u>

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME
 Computation of Adjusted Reimbursement Rate
 For the Contract Period April 1, 1998 Through September 30, 1998
 AC# 3-HER-J7

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$35.02	\$43.14	
Dietary		7.39	9.01	
Laundry/Housekeeping/Maint.		<u>8.74</u>	<u>7.38</u>	
Subtotal	<u>\$4.17</u>	51.15	59.53	\$51.15
Administration & Med. Rec.	<u>-</u>	<u>11.92</u>	<u>9.20</u>	<u>9.20</u>
Subtotal		63.07	<u>\$68.73</u>	60.35
<u>Costs Not Subject to Standards:</u>				
Utilities		2.63		2.63
Special Services		-		-
Medical Supplies & Oxygen		2.28		2.28
Taxes and Insurance		.55		.55
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$68.53</u>		65.81
Inflation Factor (4.40%)				2.90
Cost of Capital				7.35
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				4.17
Effect of \$1.75 Cap on Cost/Profit Incentives				(2.42)
Minimum Wage Add-On				<u>.50</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$78.31</u>

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME
 Computation of Adjusted Reimbursement Rate
 For the Contract Period October 1, 1998 Through November 30, 1998
 AC# 3-HER-J7

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$35.02	\$48.65	
Dietary		7.39	9.44	
Laundry/Housekeeping/Maint.		<u>8.74</u>	<u>7.70</u>	
Subtotal	<u>\$4.61</u>	51.15	65.79	\$51.15
Administration & Med. Rec.	<u>-</u>	<u>11.92</u>	<u>10.38</u>	<u>10.38</u>
Subtotal		63.07	<u>\$76.17</u>	61.53
<u>Costs Not Subject to Standards:</u>				
Utilities		2.63		2.63
Special Services		-		-
Medical Supplies & Oxygen		2.28		2.28
Taxes and Insurance		.55		.55
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$68.53</u>		66.99
Inflation Factor (3.60%)				2.41
Cost of Capital				7.33
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				4.61
Effect of \$1.75 Cap on Cost/Profit Incentives				(2.86)
Minimum Wage Add-On				<u>.25</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$78.73</u>

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME
 Computation of Adjusted Reimbursement Rate
 For the Contract Periods Beginning December 1, 1998
 AC# 3-HER-J7

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$35.02	\$48.65	
Dietary		7.39	9.44	
Laundry/Housekeeping/Maint.		<u>8.74</u>	<u>7.70</u>	
Subtotal	\$ <u>4.61</u>	51.15	65.79	\$51.15
Administration & Med. Rec.	<u>-</u>	<u>11.92</u>	<u>10.38</u>	<u>10.38</u>
Subtotal		63.07	<u>\$76.17</u>	61.53
<u>Costs Not Subject to Standards:</u>				
Utilities		2.63		2.63
Special Services		-		-
Medical Supplies & Oxygen		2.28		2.28
Taxes and Insurance		.55		.55
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$68.53</u>		66.99
Inflation Factor (3.60%)				2.41
Cost of Capital				7.33
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				4.61
Effect of \$1.75 Cap on Cost/Profit Incentives				(2.86)
Minimum Wage Add-On				.25
CNA Add-On				<u>.75</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$79.48</u>

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1997
For the Contract Periods February 9, 1997 Through August 31, 1997
AC# 3-HER-J7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$1,145,457	\$ 2,233 (4)	4,720 (2) 6,859 (2) 4,983 (3) 46,945 (6) 2,016 (6) 16,159 (7) 1,109 (7) 14,960 (8) 707 (8)	\$1,049,232
Dietary	233,345	-	747 (2) 2,828 (5) 6,134 (6) 586 (7) 1,653 (8)	221,397
Laundry	65,007	-	67 (2) 3,420 (6) 1,710 (7) 1,103 (8)	58,707
Housekeeping	117,851	52 (11)	420 (2) 4,417 (6) 692 (7) 1,236 (8) 632 (12)	110,506
Maintenance	65,449	1,816 (2) 3,229 (11) 22,115 (12)	-	92,609

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1997
For the Contract Periods February 9, 1997 Through August 31, 1997
AC# 3-HER-J7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Administration & Medical Records	372,017	9,587 (12)	1,241 (2) 5,306 (6) 8,199 (7) 2,697 (8) 6,926 (11)	357,235
Utilities	76,863	3,255 (11) 171 (12) 2,776 (13)	4,167 (5)	78,898
Special Services	-	-	-	-
Medical Supplies & Oxygen	87,209	-	294 (2) 2,233 (4) 3,803 (5) 12,884 (9)	67,995
Taxes & Insurance	15,185	9 (11) 1,310 (12)	-	16,504
Legal Fees	-	-	-	-
Cost of Capital	242,067	1,362 (12) 2,093 (14) 6,953 (15) 1,086 (19)	39,262 (1) 118 (11)	214,181
Subtotal	2,420,450	58,047	211,233	2,267,264

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1997
For the Contract Periods February 9, 1997 Through August 31, 1997
AC# 3-HER-J7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	19,357	-	-	19,357
Non-Allowable	(44,533)	12,532 (2)	33,913 (12)	35,953
		10,798 (5)	2,776 (13)	
		68,238 (6)	2,093 (14)	
		22,356 (8)	6,953 (15)	
		12,884 (9)	1,086 (19)	
		<u>499 (11)</u>		
Total Operating Expenses	<u>\$2,395,274</u>	<u>\$185,354</u>	<u>\$258,054</u>	<u>\$2,322,574</u>

TOTAL BEDS 132

TOTAL PATIENT DAYS 28,445

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1997
For the Contract Period September 1, 1997 Through September 30, 1997
AC# 3-HER-J7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$1,145,457	\$ 2,233 (4)	4,720 (2) 6,859 (2) 4,983 (3) 46,945 (6) 2,016 (6) 16,159 (7) 1,109 (7) 14,960 (8) 707 (8)	\$1,049,232
Dietary	233,345	-	747 (2) 2,828 (5) 6,134 (6) 586 (7) 1,653 (8)	221,397
Laundry	65,007	-	67 (2) 3,420 (6) 1,710 (7) 1,103 (8)	58,707
Housekeeping	117,851	52 (11)	420 (2) 4,417 (6) 692 (7) 1,236 (8) 632 (12)	110,506
Maintenance	65,449	1,816 (2) 3,229 (11) 22,115 (12)	-	92,609

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1997
For the Contract Period September 1, 1997 Through September 30, 1997
AC# 3-HER-J7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Administration & Medical Records	372,017	9,587 (12)	1,241 (2) 5,306 (6) 8,199 (7) 2,697 (8) 6,926 (11)	357,235
Utilities	76,863	3,255 (11) 171 (12) 2,776 (13)	4,167 (5)	78,898
Special Services	-	-	-	-
Medical Supplies & Oxygen	86,946	-	294 (2) 2,233 (4) 3,803 (5) 12,318 (10)	68,298
Taxes & Insurance	15,185	9 (11) 1,310 (12)	-	16,504
Legal Fees	-	-	-	-
Cost of Capital	242,384	1,362 (12) 2,093 (14) 6,636 (16) 1,086 (19)	39,262 (1) 118 (11)	214,181
Subtotal	2,420,504	57,730	210,667	2,267,567

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1997
For the Contract Period September 1, 1997 Through September 30, 1997
AC# 3-HER-J7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	19,357	-	-	19,357
Non-Allowable	(44,587)	12,532 (2)	33,913 (12)	35,650
		10,798 (5)	2,776 (13)	
		68,238 (6)	2,093 (14)	
		22,356 (8)	6,636 (16)	
		12,318 (10)	1,086 (19)	
		<u>499 (11)</u>	<u> </u>	
Total Operating Expenses	<u>\$2,395,274</u>	<u>\$184,471</u>	<u>\$257,171</u>	<u>\$2,322,574</u>

TOTAL BEDS 132

TOTAL PATIENT DAYS *29,961
*Adjusted to 97% occupancy

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1997
For the Contract Periods October 1, 1997 Through September 30, 1998
AC# 3-HER-J7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$1,145,457	\$ 2,233 (4)	4,720 (2) 6,859 (2) 4,983 (3) 46,945 (6) 2,016 (6) 16,159 (7) 1,109 (7) 14,960 (8) 707 (8)	\$1,049,232
Dietary	233,345	-	747 (2) 2,828 (5) 6,134 (6) 586 (7) 1,653 (8)	221,397
Laundry	65,007	-	67 (2) 3,420 (6) 1,710 (7) 1,103 (8)	58,707
Housekeeping	117,851	52 (11)	420 (2) 4,417 (6) 692 (7) 1,236 (8) 632 (12)	110,506
Maintenance	65,449	1,816 (2) 3,229 (11) 22,115 (12)	-	92,609

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1997
For the Contract Periods October 1, 1997 Through September 30, 1998
AC# 3-HER-J7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Administration & Medical Records	372,017	9,587 (12)	1,241 (2) 5,306 (6) 8,199 (7) 2,697 (8) 6,926 (11)	357,235
Utilities	76,863	3,255 (11) 171 (12) 2,776 (13)	4,167 (5)	78,898
Special Services	-	-	-	-
Medical Supplies & Oxygen	86,946	-	294 (2) 2,233 (4) 3,803 (5) 12,318 (10)	68,298
Taxes & Insurance	15,185	9 (11) 1,310 (12)	-	16,504
Legal Fees	-	-	-	-
Cost of Capital	241,824	1,362 (12) 2,093 (14) 13,360 (17) 1,086 (19)	39,262 (1) 118 (11)	220,345
Subtotal	2,419,944	64,454	210,667	2,273,731

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1997
For the Contract Periods October 1, 1997 Through September 30, 1998
AC# 3-HER-J7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	19,357	-	-	19,357
Non-Allowable	(44,027)	12,532 (2)	33,913 (12)	29,486
		10,798 (5)	2,776 (13)	
		68,238 (6)	2,093 (14)	
		22,356 (8)	13,360 (17)	
		12,318 (10)	1,086 (19)	
		<u>499 (11)</u>	<u> </u>	
Total Operating Expenses	<u>\$2,395,274</u>	<u>\$191,195</u>	<u>\$263,895</u>	<u>\$2,322,574</u>

TOTAL BEDS 132

TOTAL PATIENT DAYS *29,961
*Adjusted to 97% occupancy

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1997
For the Contract Periods Beginning October 1, 1998
AC# 3-HER-J7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments <u>Debit</u>	<u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$1,145,457	\$ 2,233 (4)	4,720 (2) 6,859 (2) 4,983 (3) 46,945 (6) 2,016 (6) 16,159 (7) 1,109 (7) 14,960 (8) 707 (8)	\$1,049,232
Dietary	233,345	-	747 (2) 2,828 (5) 6,134 (6) 586 (7) 1,653 (8)	221,397
Laundry	65,007	-	67 (2) 3,420 (6) 1,710 (7) 1,103 (8)	58,707
Housekeeping	117,851	52 (11)	420 (2) 4,417 (6) 692 (7) 1,236 (8) 632 (12)	110,506
Maintenance	65,449	1,816 (2) 3,229 (11) 22,115 (12)	-	92,609

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1997
For the Contract Periods Beginning October 1, 1998
AC# 3-HER-J7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Administration & Medical Records	372,017	9,587 (12)	1,241 (2) 5,306 (6) 8,199 (7) 2,697 (8) 6,926 (11)	357,235
Utilities	76,863	3,255 (11) 171 (12) 2,776 (13)	4,167 (5)	78,898
Special Services	-	-	-	-
Medical Supplies & Oxygen	86,946	-	294 (2) 2,233 (4) 3,803 (5) 12,318 (10)	68,298
Taxes & Insurance	15,185	9 (11) 1,310 (12)	-	16,504
Legal Fees	-	-	-	-
Cost of Capital	247,777	1,362 (12) 2,093 (14) 6,725 (18) <u>1,086 (19)</u>	39,262 (1) 118 (11)	219,663
Subtotal	2,425,897	57,819	210,667	2,273,049

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1997
For the Contract Periods Beginning October 1, 1998
AC# 3-HER-J7

<u>EXPENSES</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	19,357	-	-	19,357
Non-Allowable	(49,980)	12,532 (2)	33,913 (12)	30,168
		10,798 (5)	2,776 (13)	
		68,238 (6)	2,093 (14)	
		22,356 (8)	6,725 (18)	
		12,318 (10)	1,086 (19)	
		<u>499 (11)</u>	<u> </u>	
Total Operating Expenses	<u>\$2,395,274</u>	<u>\$184,560</u>	<u>\$257,260</u>	<u>\$2,322,574</u>

TOTAL BEDS 132

TOTAL PATIENT DAYS *29,961
*Adjusted to 97% occupancy

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Adjustment Report
Cost Report Period Ended September 30, 1997
AC# 3-HER-J7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Other Equity	\$ 399,725	
	Accumulated Depreciation	414,106	
	Fixed Assets		\$ 774,569
	Cost of Capital		39,262
	To adjust fixed assets and related Depreciation to allowable State Plan, Attachment 4.19D		
2	Maintenance	1,816	
	Nonallowable	12,532	
	Nursing		4,720
	Restorative		6,859
	Dietary		747
	Laundry		67
	Housekeeping		420
	Administration		1,241
	Medical Supplies		294
	To adjust to provider's general ledger balances HIM-15-1, Section 2304		
3	Retained Earnings	4,983	
	Nursing		4,983
	To properly charge expenses applicable to the prior period HIM-15-1, Section 2302.1		
4	Nursing	2,233	
	Medical Supplies		2,233
	To reclassify expense to the proper cost center State Plan, Attachment 4.19D		
5	Nonallowable	10,798	
	Dietary		2,828
	Utilities		4,167
	Medical Supplies		3,803
	To remove expenses not adequately documented HIM-15-1, Section 2304		

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Adjustment Report
Cost Report Period Ended September 30, 1997
AC# 3-HER-J7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Nonallowable	68,238	
	Nursing		46,945
	Restorative		2,016
	Dietary		6,134
	Laundry		3,420
	Housekeeping		4,417
	Administration		5,306
	To adjust ending salary accrual HIM-15-1, Section 2302.1		
7	Accrued Leave	28,455	
	Nursing		16,159
	Restorative		1,109
	Dietary		586
	Laundry		1,710
	Housekeeping		692
	Administration		8,199
	To reverse PTO accrual HIM-15-1, Section 2304		
8	Nonallowable	22,356	
	Nursing		14,960
	Restorative		707
	Dietary		1,653
	Laundry		1,103
	Housekeeping		1,236
	Administration		2,697
	To adjust pension expense to allowable State Plan, Attachment 4.19D		
9	Nonallowable	12,884	
	Medical Supplies		12,884
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
	(This adjustment applies only to the rate periods 2/9/97 - 8/31/97)		

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Adjustment Report
Cost Report Period Ended September 30, 1997
AC# 3-HER-J7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
10	Nonallowable Medical Supplies	12,318	12,318
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
	(This adjustment applies only to the rate periods beginning 9/1/97)		
11	Housekeeping	52	
	Maintenance	3,229	
	Utilities	3,255	
	Taxes and Insurance	9	
	Nonallowable	499	
	Administration		6,926
	Cost of Capital		118
	To properly record allocation of core management cost HIM-15-1, Section 2152		
12	Administration	9,587	
	Maintenance	22,115	
	Cost of Capital	1,362	
	Utilities	171	
	Taxes and Insurance	1,310	
	Housekeeping		632
	Nonallowable		33,913
	To properly record allocation of general service cost HIM-15-1, Section 2150		
13	Utilities	2,776	
	Nonallowable		2,776
	To properly record sewer fund allocation HIM-15-1, Section 2152		
14	Cost of Capital - Depreciation	2,093	
	Nonallowable		2,093
	To adjust depreciation expense to comply with capital cost policy State Plan, Attachment 4.19D		

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Adjustment Report
Cost Report Period Ended September 30, 1997
AC# 3-HER-J7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
15	Cost of Capital Nonallowable	6,953	6,953
	To adjust capital return to allowable State Plan, Attachment 4.19D		
	(This adjustment applies only to the rate periods 2/9/97 - 8/31/97)		
16	Cost of Capital Nonallowable	6,636	6,636
	To adjust capital return to allowable State Plan, Attachment 4.19D		
	(This adjustment applies only to the rate periods 9/1/97 - 9/30/97)		
17	Cost of Capital Nonallowable	13,360	13,360
	To adjust capital return to allowable State Plan, Attachment 4.19D		
	(This adjustment applies only to the rate periods 10/1/97 - 9/30/98)		
18	Cost of Capital Nonallowable	6,725	6,725
	To adjust capital return to allowable State Plan, Attachment 4.19D		
	(This adjustment applies only to the rate periods beginning 10/1/98)		

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Adjustment Report
Cost Report Period Ended September 30, 1997
AC# 3-HER-J7

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
19	Cost of Capital - Amortization Nonallowable	1,086	1,086
	To adjust amortization expense to comply with capital cost policy State Plan, Attachment 4.19		
		<hr/>	<hr/>
	TOTAL ADJUSTMENTS	<u>\$1,071,662</u>	<u>\$1,071,662</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 1997
 For the Contract Periods February 9, 1997 Through August 31, 1997
 AC# 3-HER-J7

	<u>Old Beds</u>	<u>New Beds</u>	
Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.0472</u>	<u>2.0472</u>	
Deemed Asset Value (Per Bed)	31,973	31,973	
Number of Beds	<u>88</u>	<u>44</u>	
Deemed Asset Value	2,813,624	1,406,812	
Improvements Since 1981	148,104	14,715	
Accumulated Depreciation at 9/30/97	<u>(989,017)</u>	<u>(86,135)</u>	
Deemed Depreciated Value	1,972,711	1,335,392	
Market Rate of Return	<u>0.070</u>	<u>0.070</u>	
Total Annual Return	<u>138,090</u>	<u>93,477</u>	
Adjust For Cost Report Period 234/365	88,529	59,928	
Return Applicable to Non-Reimbursable Cost Centers	(637)	(431)	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>530</u>	<u>265</u>	
Allowable Annual Return	88,422	59,762	
Depreciation Expense	40,369	26,092	
Amortization Expense	-	1,086	
Capital Related Income Offsets	-	-	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(1,033)</u>	<u>(517)</u>	<u>Total</u>
Allowable Cost of Capital Expense	127,758	86,423	\$214,181
Total Patient Days (Actual Days)	<u>18,963</u>	<u>9,482</u>	<u>28,445</u>
Cost of Capital Per Diem	\$ <u>6.74</u>	\$ <u>9.11</u>	\$ <u>7.53</u>

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 1997
 For the Contract Periods February 9, 1997 Through August 31, 1997
 AC# 3-HER-J7

	<u>Old Beds</u>	<u>New Beds</u>
6/30/89 Cost of Capital and Return on Equity		
Capital Per Diem Reimbursement	\$5.65	\$ N/A
Adjustment for Maximum Increase	<u>3.99</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$9.64</u>	<u>\$9.11</u>
Weighted Average Reimbursable Cost of		
Capital Per Diem		\$7.53
Weighted Average Cost of Capital Per Diem		<u>7.53</u>
Cost of Capital Per Diem Limitation		\$ <u>-</u>

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Cost of Capital Reimbursement Analysis

For the Cost Report Period Ended September 30, 1997

For the Contract Period September 1, 1997 Through September 30, 1997

AC# 3-HER-J7

	<u>Old Beds</u>	<u>New Beds</u>	
Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.0472</u>	<u>2.0472</u>	
Deemed Asset Value (Per Bed)	31,973	31,973	
Number of Beds	<u>88</u>	<u>44</u>	
Deemed Asset Value	2,813,624	1,406,812	
Improvements Since 1981	148,104	14,715	
Accumulated Depreciation at 9/30/97	<u>(989,017)</u>	<u>(86,135)</u>	
Deemed Depreciated Value	1,972,711	1,335,392	
Market Rate of Return	<u>0.070</u>	<u>0.070</u>	
Total Annual Return	<u>138,090</u>	<u>93,477</u>	
Adjust For Cost Report Period 234/365	88,529	59,928	
Return Applicable to Non-Reimbursable Cost Centers	(637)	(431)	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>530</u>	<u>265</u>	
Allowable Annual Return	88,422	59,762	
Depreciation Expense	40,369	26,092	
Amortization Expense	-	1,086	
Capital Related Income Offsets	-	-	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(1,033)</u>	<u>(517)</u>	<u>Total</u>
Allowable Cost of Capital Expense	127,758	86,423	\$214,181
Total Patient Days (Minimum 97% Occupancy)	<u>19,974</u>	<u>9,987</u>	<u>29,961</u>
Cost of Capital Per Diem	\$ <u>6.40</u>	\$ <u>8.65</u>	\$ <u>7.15</u>

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Cost of Capital Reimbursement Analysis

For the Cost Report Period Ended September 30, 1997

For the Contract Period September 1, 1997 Through September 30, 1997

AC# 3-HER-J7

	<u>Old Beds</u>	<u>New Beds</u>
6/30/89 Cost of Capital and Return on Equity		
Capital Per Diem Reimbursement	\$5.65	\$ N/A
Adjustment for Maximum Increase	<u>3.99</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$9.64</u>	<u>\$8.65</u>
Weighted Average Reimbursable Cost of		
Capital Per Diem		\$7.15
Weighted Average Cost of Capital Per Diem		<u>7.15</u>
Cost of Capital Per Diem Limitation		\$ <u>-</u>

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Cost of Capital Reimbursement Analysis

For the Cost Report Period Ended September 30, 1997

For the Contract Periods October 1, 1997 Through September 30, 1998

AC# 3-HER-J7

	<u>Old Beds</u>	<u>New Beds</u>	
Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.1144</u>	<u>2.1144</u>	
Deemed Asset Value (Per Bed)	33,022	33,022	
Number of Beds	<u>88</u>	<u>44</u>	
Deemed Asset Value	2,905,936	1,452,968	
Improvements Since 1981	148,104	14,715	
Accumulated Depreciation at 9/30/97	<u>(989,017)</u>	<u>(86,135)</u>	
Deemed Depreciated Value	2,065,023	1,381,548	
Market Rate of Return	<u>0.070</u>	<u>0.070</u>	
Total Annual Return	<u>144,552</u>	<u>96,708</u>	
Adjust For Cost Report Period 234/365	92,672	61,999	
Return Applicable to Non-Reimbursable Cost Centers	(667)	(451)	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>530</u>	<u>265</u>	
Allowable Annual Return	92,535	61,813	
Depreciation Expense	40,369	26,092	
Amortization Expense	-	1,086	
Capital Related Income Offsets	-	-	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(1,033)</u>	<u>(517)</u>	<u>Total</u>
Allowable Cost of Capital Expense	131,871	88,474	\$220,345
Total Patient Days (Minimum 97% Occupancy)	<u>19,974</u>	<u>9,987</u>	<u>29,961</u>
Cost of Capital Per Diem	\$ <u>6.60</u>	\$ <u>8.86</u>	\$ <u>7.35</u>

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Cost of Capital Reimbursement Analysis

For the Cost Report Period Ended September 30, 1997

For the Contract Periods October 1, 1997 Through September 30, 1998

AC# 3-HER-J7

	<u>Old Beds</u>	<u>New Beds</u>
6/30/89 Cost of Capital and Return on Equity		
Capital Per Diem Reimbursement	\$5.65	\$ N/A
Adjustment for Maximum Increase	<u>3.99</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$9.64</u>	<u>\$8.86</u>
Weighted Average Reimbursable Cost of		
Capital Per Diem		\$7.35
Weighted Average Cost of Capital Per Diem		<u>7.35</u>
Cost of Capital Per Diem Limitation		\$ <u>-</u>

SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 1997
 For the Contract Periods Beginning October 1, 1998
 AC# 3-HER-J7

	<u>Old Beds</u>	<u>New Beds</u>	
Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>2.1814</u>	<u>2.1814</u>	
Deemed Asset Value (Per Bed)	34,069	34,069	
Number of Beds	<u>88</u>	<u>44</u>	
Deemed Asset Value	2,998,072	1,499,036	
Improvements Since 1981	148,104	14,715	
Accumulated Depreciation at 9/30/97	<u>(989,017)</u>	<u>(86,135)</u>	
Deemed Depreciated Value	2,157,159	1,427,616	
Market Rate of Return	<u>0.067</u>	<u>0.067</u>	
Total Annual Return	<u>144,530</u>	<u>95,650</u>	
Adjust For Cost Report Period 234/365	92,658	61,321	
Return Applicable to Non-Reimbursable Cost Centers	(667)	(441)	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>530</u>	<u>265</u>	
Allowable Annual Return	92,521	61,145	
Depreciation Expense	40,369	26,092	
Amortization Expense	-	1,086	
Capital Related Income Offsets	-	-	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(1,033)</u>	<u>(517)</u>	<u>Total</u>
Allowable Cost of Capital Expense	131,857	87,806	\$219,663
Total Patient Days (Minimum 97% Occupancy)	<u>19,974</u>	<u>9,987</u>	<u>29,961</u>
Cost of Capital Per Diem	\$ <u>6.60</u>	\$ <u>8.79</u>	\$ <u>7.33</u>

**SEA ISLAND COMPREHENSIVE HEALTH CARE CORPORATION
D/B/A HERMINA TRAEYE MEMORIAL NURSING HOME**

Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 1997
For the Contract Periods Beginning October 1, 1998
AC# 3-HER-J7

	<u>Old Beds</u>	<u>New Beds</u>
6/30/89 Cost of Capital and Return on Equity		
Capital Per Diem Reimbursement	\$5.65	\$ N/A
Adjustment for Maximum Increase	<u>3.99</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$9.64</u>	<u>\$8.79</u>
Weighted Average Reimbursable Cost of		
Capital Per Diem		\$7.33
Weighted Average Cost of Capital Per Diem		<u>7.33</u>
Cost of Capital Per Diem Limitation		\$ <u>-</u>